

	Finance and Audit Scrutiny Committee 4 April 2017	Agenda Item No. 5
	Title	External Audit Reports
For further information about this report please contact	Mike Snow 01926 456800	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	22/3/2017	Andrew Jones
Head of Service	22/3/2017	Mike Snow
CMT	22/3/2017	
Section 151 Officer	22/3/2017	Mike Snow
Monitoring Officer	22/3/2017	Andrew Jones
Finance	22/3/2017	Mike Snow
Portfolio Holder(s)	22/3/2017	Cllr Peter Whiting
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **Summary**

1.1 Grant Thornton, the Council's external auditors have recently submitted the following two items for the Committee's consideration:-

- Informing the audit risk assessment for Warwick District Council
- The Audit Plan for Warwick District Council year ended 31 March 2017

2. **Recommendation**

2.1 That the Finance and Audit Scrutiny Committee considers the documents from the external auditors and make any relevant observations.

3. **Reasons for the Recommendation**

3.1 The Audit Plan for the 2016/17 audit is presented. This includes details of the approach to be followed in carrying out the audit, and also some of the key risks that will be considered.

3.5 "Informing the audit risk assessment". In planning and performing the audit of the financial statements the auditors need to understand how the Finance & Audit Scrutiny Committee, as "those charged with governance", supported by the Council's officers, meets its responsibilities in the following areas:-

- fraud
- laws and regulations
- going concern
- accounting for estimates
- related party transactions.

The accompanying external auditor's report summarises the respective responsibilities of the Finance & Audit Scrutiny Committee, officers and external audit in each of these areas, as set out by International Standards on Auditing (UK and Ireland) (ISAs).

4. **Policy Framework**

4.1 By considering the documents, members can see how external audit can assist the Council in its priority of managing the Council's resources effectively and ensuring its services are of a high quality.

5. **Budgetary Framework**

5.1 The fee charged for the Annual Audit of the Accounts, and associated work is £53,623, this being the same as for 2015/16. Grant Claims are charged in addition to this with an indicative fee of £6,398, this being for the Housing Benefit Subsidy Audit. In addition there is the audit of the Pooled Capital Receipts return, estimated at £3,000, although this is outside the scope of this Audit Plan.

6. **Risks**

6.1 The audit of the accounts and associated grant claims seeks to provide assurance to all stakeholders that the Council's finances, as reported in the Accounts, are being properly managed.

7. Alternative Option(s) considered

7.1 None

8. Other Information

8.1 The current appointment of Grant Thornton is due to end 2017/18. The auditors will complete all the work on the 2017/18 Accounts and associated documents. New auditors need to be appointed ahead of 2018/19, by the end of 2017. The Council agreed in January for the Council to be part of the framework being procured by Public Sector Audit Appointments (PSAA). As part of closing the Audit Commission the Government novated external audit contracts to PSAA on 1 April 2015. Nationally, 483 of the 492 (98%) eligible bodies have opted to become members of the scheme.

8.2 The immediate next steps of the PSAA include:-

1. Completing the major procurement process to identify the firms which will carry out audits under contract to PSAA. The successful suppliers are expected to be announced in June.

2. Undertaking the consultation process which will precede the appointment of auditors to individual scheme member authorities. PSAA are committed to ensuring that all appointments are made before the statutory deadline of 31 December, 2017.

3. Undertaking a further consultation process, commencing in October 2017, leading to the approval of fee scales for audits of the 2018/19 accounts, the first year of the national scheme's operation.

8.3 There is no provision within the legislation for PSAA to make arrangements for housing benefit subsidy certification work on behalf the Department of Work and Pensions. PSAA are committed to assisting the DWP to develop appropriate successor arrangements in this area and ensuring that this transition is handled as effectively and seamlessly as possible. Whilst it is expected more guidance and support will be provided here, discussions are on-going with neighbouring authorities to consider a joint procurement if it subsequently proves necessary for local authorities to make their own appointment of auditor for the housing benefits subsidy.